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REVIEW OF THE WORLD SITUATION AS IT RELATES TO THE SECURITY OF THE
UNITED STATES

SUMMARY

1. US security interests may, in the long run, be materially advanced as a result of the Schuman plan to pool the European coal and steel industries and the North Atlantic alliance plan to form "balanced collective defense forces." While the feasibility of these plans cannot yet be estimated, they will, if actually carried out, be the most concrete steps yet taken toward military security and economic strength for the North Atlantic community as a whole. If fully implemented, the "balanced collective force" principle would make the individual national military forces of the North Atlantic nations literally incapable of independent military action. Enunciation and tentative acceptance of these proposals by responsible leaders demonstrates that there is support in Western Europe for regional cooperation even, if necessary, at some sacrifice of national sovereignty or at least some limitation of political freedom of action.

Despite tentative approval of these plans, the Western European nations will have to overcome many obstacles. Outstanding among them is West European fear that the cost of rearmament may cut into projected increases in standards of living and social service programs. There is also

Note: This review has not been coordinated with the intelligence organizations of the Departments of State, Army, Navy, and the Air Force. The information contained herein is as of 9 June 1950.

concern lest the US convert the North Atlantic Treaty into an alliance in preparation for an early war rather than a commitment designed to deter the USSR from war.

The "third force" idea, which has been criticized as incompatible with North Atlantic Treaty objectives, is not a serious problem for the North Atlantic alliance for the time being.

2. The USSR has not renewed a single comprehensive trade agreement with a Western nation during 1950, probably because Soviet attention has been concentrated on purchasing strategic commodities which cannot easily be supplied through formal trade channels.

3. Recent indications of a more vigorous Western approach to the Near and Middle East are of particular significance in view of increasing Soviet interest in the area.

4. In Japan the anti-Communist position of the Western powers has been strengthened, at least temporarily, as a result of the June 4 election for the upper house of the Japanese Diet.

5. In China, current trends and circumstances clearly favor consolidation of Soviet control, although transformation of the entire country into a full-fledged Soviet Satellite probably will be a long and involved process.

6. Two international conferences met during May in Australia and the Philippines to consider the problem of cooperation among the non-Communist powers in South Asia but failed to take any strong concerted action.

7. As the UN impasse over Chinese representation enters its sixth month, it seems likely that the boycott by the Soviet bloc will be extended to the September session of the General Assembly.